



National Security Commission on Artificial Intelligence releases Second Quarterly Report

Includes recommendations to update export controls, screen foreign investment, accelerate research, and establish a National Reserve Digital Corps

AI OUTLOOK

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By: Tony Samp | Saxby Chambliss

The National Security Commission on Artificial Intelligence (NSCAI) has published its second in a quarterly series of recommendations to federal policymakers leading to what it calls “a new framework for national security in the era of AI.”

Among the key recommendations in the NSCAI’s latest report are proposals to reform the Defense Department’s management of research and development (R&D), a government-wide effort to bolster the public-sector digital talent base through scholarship and service programs, and a strengthened export control and investment screening regime to protect sensitive technologies from foreign competitors.

The Second Quarter Recommendations – a 198-page document that was submitted to Congress and the Executive Branch on July 22 following public deliberations by the commission on July 20 – continues a process of responding to the urgent challenge of adapting US national security policies and practices to rapidly evolving AI technologies that are already transforming the economy and everyday life. The Commission is scheduled to release its final report next March.

NSCAI is an independent federal commission established by Congress in 2018 to provide policy recommendations to maintain and enhance US leadership in AI-enabled technologies, prioritizing principles for ethical and responsible use of these tools to meet a wide range of geopolitical, economic, ideological, technological, diplomatic, and military challenges. Its mission emphasizes the need for partnership between government and the private sector, academia, non-governmental organizations (NGOs), and international partners.

In announcing the recommendations, NCSAI Vice Chairman Robert Work said, "The Commissioners are all of the same mind that the US government has to organize, resource and train to understand and employ AI-enabled technologies. It will affect our economic competitiveness, it will affect our national security competitiveness, it will improve the lives of our citizens. And we want to do all those things ethically, responsibly and in close partnership with private sector, academia, non-governmental organizations and international partners. And we believe these recommendations will advance all these efforts."

The Second Quarter package includes a total of 35 actions for both the Executive and Legislative branches. The commission's analysis and recommendations focus on six fundamental areas:

- **Accelerating AI applications for national security and defense.** NSCAI recommends that DoD produce a classified Technology Annex to the National Defense Strategy providing "a clear plan for pursuing disruptive technologies that address specific operational challenges" and integrating AI-enabled technologies into exercises and wargames. DoD is also urged to incentivize the adoption of commercially available AI tools.
- **Bridging the technology talent gap in government.** Citing the need for government-wide changes to augment the recruitment pipeline to deliver more tech expertise, the Commission recommends establishing a National Reserve Digital Corps and establishing a US Digital Service Academy to bring private sector talent into public service part-time, expanding technology scholarship-for-service programs, and creating a national digital service academy "for growing federal technology talent from the ground up."
- **Protecting AI advantages for national security through the discriminate use of export controls and investment screening.** The quarterly report proposes that the President issue an Executive Order defining technology protection policies, enhancing the capacity of regulatory agencies to analyze emerging technologies and expediting regulations to implement the Export Control Reform Act (ECRA) and the Foreign Investment Risk Review Modernization Act (FIRRMA). The Commission also recommends prioritizing the application of export controls to hardware over other areas of AI-related technology, which would entail working with allies to control the supply of specific semiconductor manufacturing equipment critical to AI, while revitalizing the US semiconductor industry. The Committee on Foreign Investment in the United States (CFIUS) is urged to focus on preventing the transfer of technologies that create national security risks, and the Commission called for legislation mandating CFIUS filings for investments into AI and other sensitive technologies from China, Russia and other "countries of special concern." But "trusted allies" would be exempted and fast tracks for vetted investors would be created.
- **Advancing the Department of Defense's internal AI research and development capabilities.** The report calls for reforms to DoD's R&D management, including creating an AI software repository; improving agency-wide authorized use and sharing of software, components, and infrastructure; creating an AI data catalog; expanding funding authorities to support DoD laboratories; and strengthening AI test and evaluation, verification and validation capabilities. Congress and DoD are urged to "reimagine how science and technology programs are budgeted to allow for agile development," and the Pentagon is called on to encourage labs to collaborate by building open innovation models and a R&D database.
- **Reorienting the Department of State for great power competition in the digital age.** The State Department is urged to create a Strategic Innovation and Technology Council and a Bureau of Cyberspace Security and Emerging Technology. The Department should also expand training on AI and emerging technology for personnel at all levels across professional areas, the Commission recommended.
- **Creating a framework for the ethical and responsible development and fielding of AI.** Finally, NSCAI proposes a "Key Considerations" paradigm for agencies to implement to translate broad, commonly agreed upon principles for harnessing AI in ethical and responsible ways into concrete actions.

Last November, NSCAI released an interim report articulating overarching principles guiding its work and framing a research agenda for developing concrete recommendations. In March 2020, NSCAI released its first tranche of recommendations, many of which were included in the House and Senate versions of the fiscal year 2021 National Defense Authorization Act. Many of the Q2 recommendations above can also be expected to be favorably considered by Congress and included in future legislation.

As the Commission moves toward its March 2021 final report, feedback will be solicited from NGOs, businesses, scientists, and government officials.

Learn more about this development by contacting either of the authors.

More information related to the NSCAI can be found [here](#).

AUTHORS



Tony Samp

Senior Policy Advisor
Washington, DC | T: +1 202 799 4000
tony.samp@dlapiper.com



Saxby Chambliss

Partner
Atlanta | T: +1 404 736 7800
saxby.chambliss@dlapiper.com
